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Form **990-PF**Department of the Treasury
Internal Revenue Service**Return of Private Foundation**
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

Note The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning 12/1/2012, and ending 11/30/2013

Name of foundation The Robert and Audrey Talbott Foundation		A Employer identification number 77-0389983
Number and street (or P O box number if mail is not delivered to street address) Foundation Source 501 Silverside Rd	Room/suite 123	B Telephone number (see instructions) (800) 839-1754
City or town, state, and ZIP code Wilmington DE 19809		C If exemption application is pending, check here ☐
G Check all that apply ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change		D 1 Foreign organizations, check here ☐ 2 Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 6,163,933	J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis)	
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐		

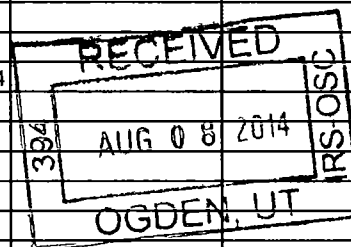
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	30	30		
	4 Dividends and interest from securities	157,837	157,837		
	5 a Gross rents	1,600	1,600		
	b Net rental income or (loss)	1,600			
	6 a Net gain or (loss) from sale of assets not on line 10	50,534			
	b Gross sales price for all assets on line 6a	1,106,208			
	7 Capital gain net income (from Part IV, line 2)		50,534		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	66,459	66,459			
12 Total. Add lines 1 through 11	276,460	276,460	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16 a Legal fees (attach schedule)	1,300	1,300		
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	49,962	49,962		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	14,829			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy	16,209			345
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	27,819			27,819
	24 Total operating and administrative expenses. Add lines 13 through 23	110,119	51,262	0	28,164
	25 Contributions, gifts, grants paid	232,000			232,000
26 Total expenses and disbursements. Add lines 24 and 25	342,119	51,262	0	260,164	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-65,659				
b Net investment income (if negative, enter -0-)		225,198			
c Adjusted net income (if negative, enter -0-)			0		

For Paperwork Reduction Act Notice, see instructions.

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Form **990-PF** (2012)

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	240,155	126,064	126,064
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶	1,321,258	1,201,581	1,201,581
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	4,074,580	4,242,689	4,836,288
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	5,635,993	5,570,334	6,163,933	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	5,635,993	5,570,334	
30 Total net assets or fund balances (see instructions)	5,635,993	5,570,334		
31 Total liabilities and net assets/fund balances (see instructions)	5,635,993	5,570,334		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	5,635,993
2 Enter amount from Part I, line 27a	2	-65,659
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	5,570,334
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	5,570,334

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo, day, yr)	(d) Date sold (mo, day, yr)
1a Publicly-traded Securities				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a 1,106,208		1,055,674	50,534	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))	
a			50,534	
b				
c				
d				
e				
2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }			2	50,534
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8 }			3	0

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	256,602	5,797,397	0.044262
2010	358,282	5,908,211	0.060641
2009	284,691	5,867,054	0.048524
2008	221,200	5,336,015	0.041454
2007	226,258	4,401,970	0.051399
2 Total of line 1, column (d)			2 0.246280
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.049256
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			4 6,086,569
5 Multiply line 4 by line 3			5 299,800
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 2,252
7 Add lines 5 and 6			7 302,052
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions			8 260,164

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1			
Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1	4,504
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0
3 Add lines 1 and 2		3	4,504
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	4,504
6 Credits/Payments			
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	11,991	
b Exempt foreign organizations—tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	11,991	
8 Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	7,487	
11 Enter the amount of line 10 to be Credited to 2013 estimated tax	11	0	
		7,487	Refunded

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?		X
If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ☐ \$ _____ (2) On foundation managers ☐ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ☐ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS?		X
If "Yes," attach a detailed description of the activities		
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?		X
If "Yes," attach the statement required by General Instruction T		
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) ☐ CA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address ▶				
14	The books are in care of ▶ Robert Talbott	Telephone no ▶	800-839-1754	
	Located at ▶ P.O. Box 223137 Carmel CA	ZIP+4 ▶	93922-3137	
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year	15		
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ ☐	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ Yes ☒ No If "Yes," list the years ▶ 20 _____, 20 _____, 20 _____, 20 _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 _____, 20 _____, 20 _____, 20 _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b	If "Yes," did it have excess business holdings in 2012 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012)	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

Organizations relying on a current notice regarding disaster assistance check here

☒**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If "Yes" to 6b, file Form 8870

☐ Yes ☒ No**7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?**Part VIII****Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE ATTACHMENT				

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE	00			
	00			
	00			
	00			
	00			

Total number of other employees paid over \$50,000

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services

**Part IX-A** Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	4,691,559
b	Average of monthly cash balances	1b	286,118
c	Fair market value of all other assets (see instructions)	1c	1,201,581
d	Total (add lines 1a, b, and c)	1d	6,179,258
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	6,179,258
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	92,689
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	6,086,569
6	Minimum investment return. Enter 5% of line 5	6	304,328

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part)

1	Minimum investment return from Part X, line 6	1	304,328
2a	Tax on investment income for 2012 from Part VI, line 5	2a	4,504
b	Income tax for 2012 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	4,504
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	299,824
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	299,824
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	299,824

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	260,164
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	260,164
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	260,164

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				299,824
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			222,326	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e	0			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 260,164				
a Applied to 2011, but not more than line 2a			222,326	
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2012 distributable amount				37,838
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0			
b Prior years' undistributed income Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount—see instructions				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				261,986
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)**N/A**

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling

b Check box to indicate whether the foundation is a private operating foundation described in section

☐ 4942(j)(3) or ☐ 4942(j)(5)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years			(e) Total
(a) 2012	(b) 2011	(c) 2010	(d) 2009	
				0
b 85% of line 2a				0
c Qualifying distributions from Part XII, line 4 for each year listed				0
d Amounts included in line 2c not used directly for active conduct of exempt activities				0
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c				0
3 Complete 3a, b, or c for the alternative test relied upon				
a "Assets" alternative test—enter				
(1) Value of all assets				0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)				0
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed				0
c "Support" alternative test—enter				
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)				0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				0
(3) Largest amount of support from an exempt organization				0
(4) Gross investment income				0

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)**1 Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i>				
ALL SAINTS EPISCOPAL DAY SCHOOL 8060 CARMEL VALLEY RD CARMEL, CA 93923	N/A	509(a)(1)	Financial Aid Fund	20,000
BOYS & GIRLS CLUBS OF MONTEREY COUNTY 1332 LA SALLE AVE SEASIDE, CA 93955	N/A	509(a)(1)	Power Period Project	10,000
CHARTWELL SCHOOL 2511 NUMA WATSON RD SEASIDE, CA 93955	N/A	509(a)(1)	Tuition Assistance or Financial Aid Fund	20,000
COMMUNITY HUMAN SERVICES PO BOX 3076 MONTEREY, CA 93942	N/A	509(a)(1)	Safe Passage Program	5,000
COMMUNITY PARTNERSHIP FOR YOUTH PO BOX 42 MONTEREY, CA 93942	N/A	509(a)(1)	Afterschool Mentor/Tutor Program	15,000
CRT APPT SPECIAL ADVOC OF MONTEREY CNTY 945 S MAIN ST STE 107 SALINAS, CA 93901	N/A	509(a)(1)	Advocate Recruitment and Training Program	10,000
DVLPMT ENGINEERING RESEARCH INSTITUTE PO BOX DD CARMEL, CA 93921	N/A	509(a)(1)	Project to Build a School in Mali	20,000
FND FOR THE MONTEREY CNTY FREE LIBRARIES 450 LINCOLN AVE STE 203 SALINAS, CA 93901	N/A	509(a)(1)	Building Literacy Through FREE After-School Homework Centers	5,000
GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST 10550 MERRITT ST CASTROVILLE, CA 95012	N/A	509(a)(1)	Girl Scouts Leadership Experience Program	5,000
KIDPOWER TEENPOWER FULLPOWER INT'L PO BOX 1212 SANTA CRUZ, CA 95061	N/A	509(a)(1)	Learning and Teaching for Children, Youth, Educators and Families	5,000
LOYOLA MARYMOUNT UNIVERSITY 1 LMU DR STE 2800 LOS ANGELES, CA 90045	N/A	509(a)(1)	Kalin Hart Talbott Art Scholarships	25,000
Total See Attached Statement			3a	232,000
b <i>Approved for future payment</i>				
Total			3b	0

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	30	
4 Dividends and interest from securities			14	157,837	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property			16	1,600	
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	50,534	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a <u>Interest Inc on Notes Receivable</u>				66,459	
b _____					
c _____					
d _____					
e _____					
12 Subtotal. Add columns (b), (d), and (e)		0		276,460	0
13 Total. Add line 12, columns (b), (d), and (e)				13	276,460

(See worksheet in line 13 instructions to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]

Part I, Line 11 (990-PF) - Other Income

		66,459	66,459	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income
1	Interest Income on Note Receivable	66,459	66,459	

Part I, Line 16a (990-PF) - Legal Fees

		1,300	1,300	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	General Governance Matters and Counseling	1,300	1,300		0

Part I, Line 16c (990-PF) - Other Professional Fees

		49,962	49,962	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	Investment Management Services	36,962	36,962		0
2	Professional investment services	13,000	13,000		0

Part I, Line 18 (990-PF) - Taxes

		14,829	0	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	990-PF 1st Extension for 2012	9,729	0		0
2	990-PF Estimated Tax for 2013	5,100	0		0

Part I, Line 23 (990-PF) - Other Expenses

		27,819	0	0	27,819
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	Administrative Fees	27,819	0		27,819

Part II, Line 7 (990-PF) - Other Notes

Borrower's Name	Check "X" if Business	Check "X" if 501(c)(3) Org.	Original Amount	Net Balance Due Beginning of Year	Balance Due End of Year	Allow. for Doubt Acct End of Yr	FMV of Other Notes	Security Provided	Date of Note	Maturity Date	Repayment Terms	Interest Rate	Purpose of Loan	Consid. Descrip.	Consid. FMV	Relationship
ROBERT S TALBOTT			2,013,000	1,321,258	1,201,581	1,201,581		NONE	09/06/04	09/06/20	ANNUAL INSTALLMENT	5.03%	Sale by estate in exchange for a promissory note, subsequently assigned to foundation pursuant to the estate administration exception under Treasury Regulations Section 53.4941(d)-1(b)(3) and -2(c)(3)	N/A		DP

Part II, Line 10b (990-PF) - Investments - Corporate Stock

Description		Num Shares/ Face Value	Book Value Beg. of Year	Book Value End of Year	FMV Beg. of Year	FMV End of Year
1	ANGEL OAK MULTI-STRAT INCOME	8,381		103,436		101,332
2	DOUBLELINE TOTAL RETURN BOND	17,102		190,531		186,586
3	DOUBLELINE TOTAL RETURN BOND CL N	26,983		302,559		294,117
4	EATON V ATLANTA CAPTL (A)	17,928		290,439		403,012
5	FIRST EAGLE SOGEN GLOBAL FUND CLAS	2,475		125,000		136,825
6	GUGGENHEIM S&P EQUAL WEIGHT ETF	3,200		196,842		222,400
7	LOOMIS SAYLES BOND FUND	10,069		122,160		153,246
8	MARKETFIELD FUND	17,151		300,000		312,317
9	NUVEEN SYMPHONY CREDIT OPPORTUNI	16,504		351,413		375,626
10	OAKMARK GLOBAL I FUND	9,126		173,042		281,642
11	OSTERWEIS STRATEGIC INCOME FUND	27,191		315,019		324,666
12	PIMCO EMERGING LOCAL BOND FUND	21,960		221,916		207,086
13	PIMCO TOTAL RETURN FUND	10,739		117,525		116,837
14	PUTNAM CAPITAL SPECTRUM FUND A SH	7,225		200,000		258,020
15	PUTNAM SHORT DURATION INCOME CL A	10,011		100,507		100,607
16	SPDR S&P 500 ETF TRUST	700		94,668		126,700
17	VANGUARD HIGH DIV YIELD	3,530		168,965		217,483
18	VANGUARD MID-CAP ETF	1,000		90,368		108,090
19	VANGUARD SM-CAP ETF	1,000		95,630		108,620
20	VIRTUS MULTI-SECTOR SHORT TERM BON	62,000		301,007		301,938
21	YACKTMAN FUND, INC	20,763		381,662		499,138

Part VIII, Line 1 (990-PF) - Compensation of Officers, Directors, Trustees and Foundation Managers

0												
	Name	Check "X" if Business	Street	City	State	Zip Code	Foreign Country	Title	Avg Hrs Per Week	Compensation	Benefits	Expense Account
1	Sarah Case Hawthorne		501 Silverside Rd Suite 123	Wilmington	DE	19809		Sec / Treas	1 00	0	0	0
2	Robert S Talbott		501 Silverside Rd Suite 123	Wilmington	DE	19809		Pres / Chair	1 00	0	0	0

Part XVI-A, Lines 11a-11e (990-PF) - Other Revenue

		Unrelated Business Income		Excluded by Section 512, 513, or 514		
	Program Service Revenue	Business Code	Amount	Exclusion Code	Amount	Related or Exempt Function Income
1	Interest Inc on Notes Receivable				66,459	
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

Continuation of Part XV, Line 3a (990-PF) - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

LYCEUM OF MONTEREY COUNTY

Street

1073 6TH ST

City

MONTEREY

State

CA

Zip Code

93940

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Lyceum Enrichment Program

Amount

5,000

Name

MEARTH

Street

PO BOX 223702

City

CARMEL

State

CA

Zip Code

93922

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Mearth's Youth Educational Program

Amount

5,000

Name

MONTEREY COUNTY RAPE CRISIS CENTER

Street

PO BOX 2630

City

MONTEREY

State

CA

Zip Code

93942

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Personal Safety and Child Abuse Prevention Program

Amount

5,000

Name

MONTEREY COUNTY YOUTH MUSEUM

Street

425 WASHINGTON ST

City

MONTEREY

State

CA

Zip Code

93940

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Access For All Initiative

Amount

10,000

Name

MONTEREY MUSEUM OF ART

Street

559 PACIFIC ST

City

MONTEREY

State

CA

Zip Code

93940

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(2)

Purpose of grant/contribution

Access to Arts Education Program

Amount

5,000

Name

RAISING A READER

Street

330 TWIN DOLPHIN DR STE 147

City

REDWOOD CITY

State

CA

Zip Code

94065

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(3)

Purpose of grant/contribution

Raising A Reader Program

Amount

5,000

Continuation of Part XV, Line 3a (990-PF) - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

RANCHO CIELO INC

Street

710 OLD STAGE RD

City

SALINAS

State

CA

Zip Code

93908

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Rancho Cielo Drummond Culinary Academy Program

Amount

10,000

Name

ST DUNSTANS EPISCOPAL CHURCH - ST DUNSTAN'S PRESCHOOL

Street

28003 ROBINSON CANYON RD

City

CARMEL

State

CA

Zip Code

93923

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Financial Aid Fund

Amount

12,000

Name

THE SALVATION ARMY-MONTEREY PENINSULA CORPS

Street

1491 CONTRA COSTA

City

SEASIDE

State

CA

Zip Code

93955

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Youth Program

Amount

15,000

Name

YORK SCHOOL

Street

9501 YORK RD

City

MONTEREY

State

CA

Zip Code

93940

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

York School Financial Aid Fund

Amount

20,000

Name**Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount****Name****Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount**